



[BILLING CODE: 4810-033-P]

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

Agency Information Collection Activities:

Revision of an Approved Information Collection; Comment Request;

Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act

AGENCY: Office of the Comptroller of the Currency, Treasury (OCC).

ACTION: Notice and request for comment.

SUMMARY: The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to comment on a revision to this information collection, as required by the Paperwork Reduction Act of 1995. An agency may not conduct or sponsor, and a respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. Currently, the OCC is soliciting comment concerning a revision to a regulatory reporting requirement for national banks and federal savings associations titled, “Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of

\$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act.”

DATES: Comments must be received by [Insert 60 days from date of publication in FEDERAL REGISTER.]

ADDRESSES:

Because paper mail in the Washington, DC area and at the OCC is subject to delay, commenters are encouraged to submit comments by e-mail, if possible. Comments may be sent to: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Attention: 1557-0311, 400 7th Street, SW., Suite 3E-218, Mail Stop 9W-11, Washington, DC 20219. In addition, comments may be sent by fax to (571) 465-4326 or by electronic mail to prainfo@occ.treas.gov. You may personally inspect and photocopy comments at the OCC, 400 7th Street, SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649-6700 or, for persons who are deaf or hard of hearing, TTY, (202) 649-5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect and photocopy comments.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

FOR FURTHER INFORMATION CONTACT: Shaquita Merritt or Mary H.

Gottlieb, OCC Clearance Officers, (202) 649-5490 or, for persons who are deaf or hard

of hearing, TTY, (202) 649-5597, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th St., SW., Washington, DC 20219. In addition, copies of the templates referenced in this notice can be found on the OCC's Web site under News and Issuances (<http://www.occ.treas.gov/tools-forms/forms/bank-operations/stress-test-reporting.html>).

SUPPLEMENTARY INFORMATION:

The OCC is requesting comment on the following revision to an approved information collection:

Title: Company-Run Annual Stress Test Reporting Template and Documentation for Covered Institutions with Total Consolidated Assets of \$50 Billion or More under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

OMB Control No.: 1557-0311.

Description: Section 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act¹ (Dodd-Frank Act) requires certain financial companies, including national banks and federal savings associations, to conduct annual stress tests² and requires the primary financial regulatory agency³ of those financial companies to issue regulations implementing the stress test requirements.⁴ A national bank or Federal savings association is a “covered institution” and therefore subject to the stress test requirements if its total consolidated assets are more than \$10 billion. Under section 165(i)(2), a covered institution is required to submit to the Board of Governors of the Federal Reserve System (Board) and to its primary financial regulatory agency a report at

¹ Pub. L. 111-203, 124 Stat. 1376, July 2010.

² 12 U.S.C. 5365(i)(2)(A).

³ 12 U.S.C. 5301(12).

⁴ 12 U.S.C. 5365(i)(2)(C).

such time, in such form, and containing such information as the primary financial regulatory agency may require.⁵ On October 9, 2012, the OCC published in the *Federal Register* a final rule implementing the section 165(i)(2) annual stress test requirement.⁶ This rule describes the reports and information collections required to meet the reporting requirements under section 165(i)(2). These information collections will be given confidential treatment (5 U.S.C. 552(b)(4)).

In 2012, the OCC first implemented the reporting templates referenced in the final rule. *See* 77 FR 49485 (August 16, 2012) and 77 FR 66663 (November 6, 2012). The OCC is now revising them as described below.

The OCC intends to use the data collected to assess the reasonableness of the stress test results of covered institutions and to provide forward-looking information to the OCC regarding a covered institution's capital adequacy. The OCC also may use the results of the stress tests to determine whether additional analytical techniques and exercises could be appropriate to identify, measure, and monitor risks at the covered institution. The stress test results are expected to support ongoing improvement in a covered institution's stress testing practices with respect to its internal assessments of capital adequacy and overall capital planning.

The OCC recognizes that many covered institutions with total consolidated assets of \$50 billion or more are required to submit reports using CCAR reporting form FR Y-14A.⁷ The OCC also recognizes the Board has a proposal to modify the FR Y-14A out for comment and, to the extent practical, the OCC will keep its reporting requirements

⁵ 12 U.S.C. 5365(i)(2)(B).

⁶ 77 FR 61238 (October 9, 2012) (codified at 12 CFR 46).

⁷ <http://www.federalreserve.gov/reportforms>.

consistent with the Board's FR Y-14A in order to minimize burden on covered institutions.⁸ Therefore, the OCC is proposing to revise its reporting requirements to remain consistent with the Board's proposed FR Y-14A for covered institutions with total consolidated assets of \$50 billion or more. The OCC is also proposing to revise the Scenario Schedule, which collects information on scenario variables beyond those provided by the OCC. The purpose of this revision is to require further clarity on the definitions of the additional scenario variables.

Proposed Revisions to Reporting Templates for Institutions with \$50 Billion or More in Assets

The proposed revisions to the DFAST-14A reporting templates consist of the following:

- Bank-specific scenario: covered institutions would be required to submit bank-specific baseline and stress scenarios and projections for 2017 and will have the option to do so for 2016;
- Largest counterparty default: for the largest trading covered institutions that also submit the Global Market Shock scenario, they would be required to assume the default of their largest counterparty in the supervisory severely adverse and adverse scenarios for 2017 and will have the option to do so for 2016;

⁸ 80 FR 55631 (Sept. 16, 2015).

- Advanced approaches banks: 1) delay incorporation of the supplemental leverage ratio for one year and 2) indefinitely defer the use of the advance approaches for stress testing projections;
- Reporting Template and Supporting Documentation Changes: clarifying instructions, adding data items, deleting data items, and redefining existing data items. This includes an expansion of the information collected in the scenario schedule. The proposed revisions also include a shift of the as-of date in accordance with modifications to the OCC's stress testing rule.⁹
- These revisions also reflect the implementation of the final Basel III regulatory capital rule. On July 9, 2013, the OCC approved a joint final rule that will revise and replace the OCC's risk-based and leverage capital requirements to be consistent with agreements reached by the Basel Committee on Banking Supervision in "Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems" (Basel III).¹⁰ Accordingly, the proposed revisions would reflect the fact that institutions will no longer report items based on the pre-Basel III capital rules.

Bank-Specific Scenarios

Covered institutions would be required to submit bank-specific baseline and bank-specific stress scenarios and associated projections for the 2017 annual stress testing submission and may do so optionally for the 2016 annual stress testing submission.

⁹ See 79 FR 71630 (Dec. 3, 2014) (shifting the dates of the annual stress testing cycle).

¹⁰ <http://www.occ.gov/news-issuances/news-releases/2013/nr-occ-2013-110.html>.

While supervisory scenarios provide a homogeneous scenario and a consistent market-wide view of the condition of the banking sector, these prescribed scenarios may not fully capture all of the risks that may be associated with a particular institution. The proposed revisions would require covered institutions to provide bank-specific baseline and bank-specific stress scenarios.

The OCC recognizes that the Board requires bank holding companies (BHCs) to submit BHC-specific baseline and stress scenarios and projections. Where OCC-covered institutions also submit BHC-specific scenarios, the OCC would require that bank-specific scenarios would be consistent with the BHC-specific scenarios.

Largest Counterparty Default

Covered institutions that currently complete the Global Market Shock would also be required to complete the Largest Counterparty Default component for the 2017 submission and have the option to do so for the 2016 submission. This is currently required by the Board, and the OCC would adopt a similar requirement to enhance consistency and reduce regulatory burden.

Supplemental Leverage Ratio

The supplementary leverage ratio requirement applies only to covered institutions that use the advanced approaches to calculate their minimum regulatory capital requirements. For these covered institutions, the proposal would delay the incorporation of the supplementary leverage ratio in stress testing projections for one year. Under the proposal, these covered institutions would not be required to include an estimate of the supplementary leverage ratio for the stress test cycle beginning on January 1, 2016. The

OCC understands that the Board is proposing a similar requirement, and the OCC would adopt a similar requirement to enhance consistency and reduce regulatory burden.

Advanced Approaches

Covered institutions have noted that the use of advanced approaches in stress test rules would require significant resources and would introduce complexity and opacity. In light of the concerns raised by these covered institutions, and pending a review of how the stress test rules interact with the regulatory capital rules as described above, the proposal would delay until further notice the use of the advanced approaches for calculating risk-based capital requirements for purposes of the capital plan and stress test rule.

Other Reporting Template and Instruction Changes

The proposed revisions to the DFAST-14A consist of clarifying instructions, adding and removing schedules, adding, deleting, and modifying existing data items, and altering the as-of dates. These proposed changes would (1) increase consistency between the DFAST-14A with the FR Y-14A, Call Report, FFIEC 101, and FFIEC 102; (2) remove the requirement to calculate tier 1 common capital and the tier 1 common ratio; (3) shift the as-of dates by one quarter in accordance with the modifications to the stress test rules; (4) modify and expand the supporting documentation requirements; and (5) increase the historical information collected in the scenario schedule in order to facilitate comparisons of the data. Furthermore, the OCC understands that the Board is currently collecting information for the Summary Schedule via XML scheme technology, and the OCC would use a similar format to enhance consistency and reduce regulatory burden. Technical details on these forms will be provided separately.

Schedule A (Summary) -- A.1.c.1 (General RWA)

This schedule would be removed in accordance with the proposed revisions to eliminate use of the tier 1 common ratio, effective for the 2016 DFAST submission. However, in order to mitigate operational issues and allow for appropriate time to adjust internal systems to accommodate changes this schedule would remain part of the technical XML instructions for the 2016 DFAST submission.

Schedule A (Summary) -- Revisions to Schedule A.1.c.2 (Standardized RWA)

This schedule would be modified to increase consistency with the FFIEC 102. Specifically, the items of the existing market risk-weighted asset portion would be replaced with the appropriate items from the FFIEC 102. These changes would be effective for the 2017 DFAST submission.

Schedule A (Summary) -- Revisions to Schedule A.1.d (Capital)

The OCC proposes removing certain items related to tier 1 common capital, effective for the 2016 DFAST submission. However, in order to mitigate operational issues and allow for appropriate time to adjust internal systems to accommodate changes, this schedule would remain part of the technical XML instructions for the DFAST 2016 submission. Additionally, effective for the 2016 DFAST submission, the OCC proposes adding one item that captures the aggregate non-significant investments in the capital of unconsolidated financial institutions in the form of common stock and breaking out two items related to deferred tax assets into the amount before valuation allowances and the associated valuation allowance. The additional information from these changes would result in two existing items converting to derived items based on the additional information.

Schedule A (Summary) -- Revisions to Schedule A.2.b (Retail Repurchase)

This schedule would be removed to reduce reporting burden, effective for the 2017 DFAST submission.

Schedule A (Summary) -- Deletion of Schedule A.2.c (ASC 310-30)

This schedule would be removed to reduce reporting burden, effective for the 2017 DFAST submission.

Schedule A (Summary) -- Revisions to Schedule A.7.c (PPNR Metrics)

In order to fully align the schedule with the stress scenarios, the beta information would be collected according to the scenario instead of the current “normal environment” requirement, effective for the 2016 DFAST submission.

Counterparty Credit Risk Schedule

This schedule would be removed to reduce reporting burden effective for the 2016 DFAST submission. Aggregate counterparty credit risk information will continue to be obtained through the Summary Schedule (Schedule A).

Scenario Schedule

Information about additional scenarios that are used by covered institutions is currently submitted in a format with limited structure, which makes it difficult for the OCC to evaluate. As such, the OCC would require that covered institutions provide three more historical quarters in addition to the currently required most recent historical quarter of actual data values for each additional variable submitted. The OCC would also provide additional instructions on variable naming conventions and other appropriate standardizations in order to facilitate more streamlined electronic processing of the data.

Type of Review: Revision.

Affected Public: Businesses or other for-profit.

Estimated Number of Respondents: 23.

Estimated Total Annual Burden: 16,466 hours.

The OCC believes that the systems covered institutions use to prepare the FR Y-14 reporting templates to submit to the Board will also be used to prepare the reporting templates described in this notice. Comments submitted in response to this notice will be summarized and included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;

(b) The accuracy of the OCC's estimate of the burden of the collection of information;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Dated: November 9, 2015

Stuart Feldstein,
Director, Legislative and Regulatory Activities Division

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